

UNDERGROUND STORAGE TANK CLEANUP FUND UPDATE

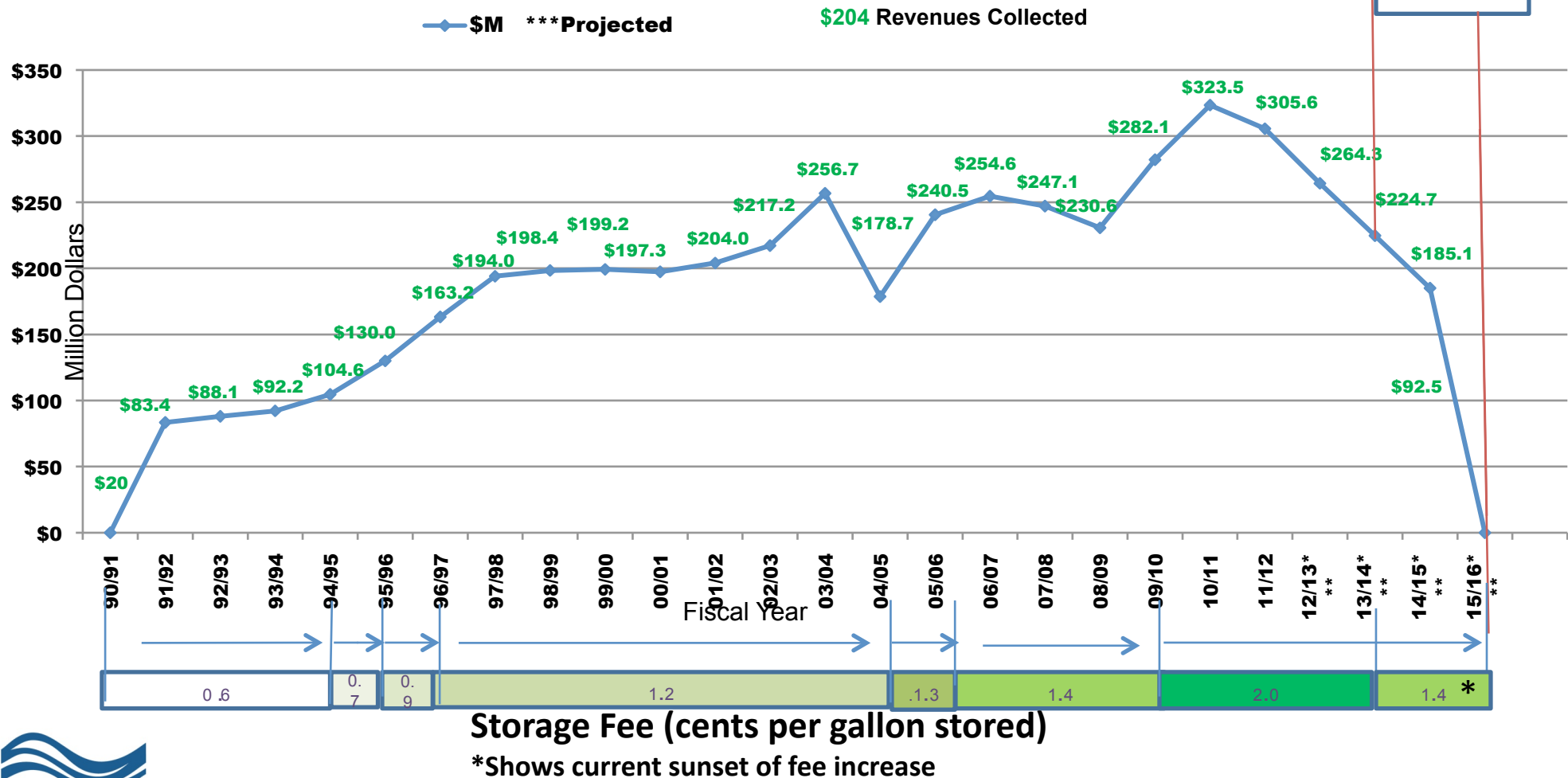
State Water Resources Control Board
June 18, 2013

TOPICS

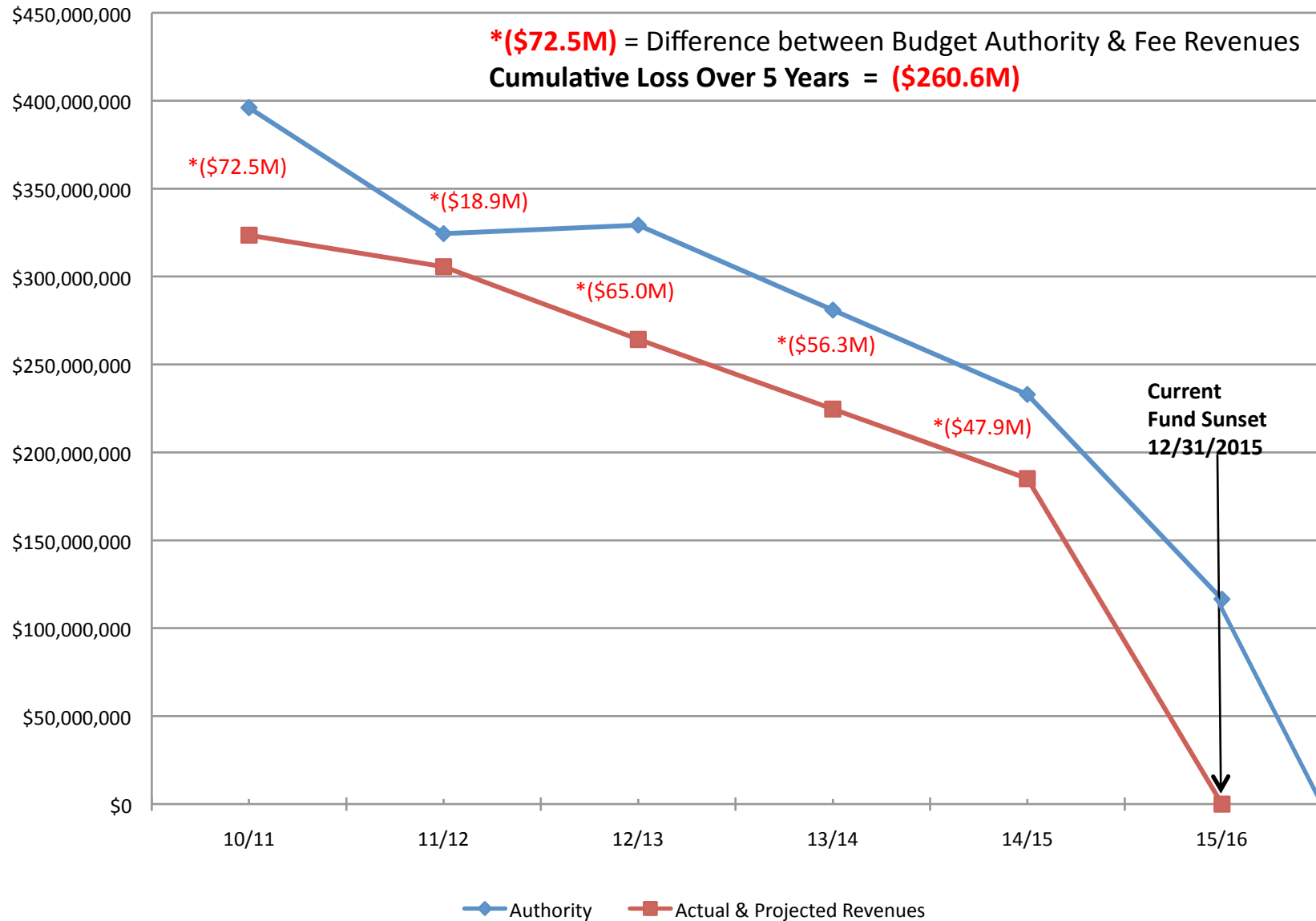
1. FUND HEALTH
2. CLAIM STATUS
3. RECENT CHANGES
4. LOOKING FORWARD

UST CLEANUP FUND

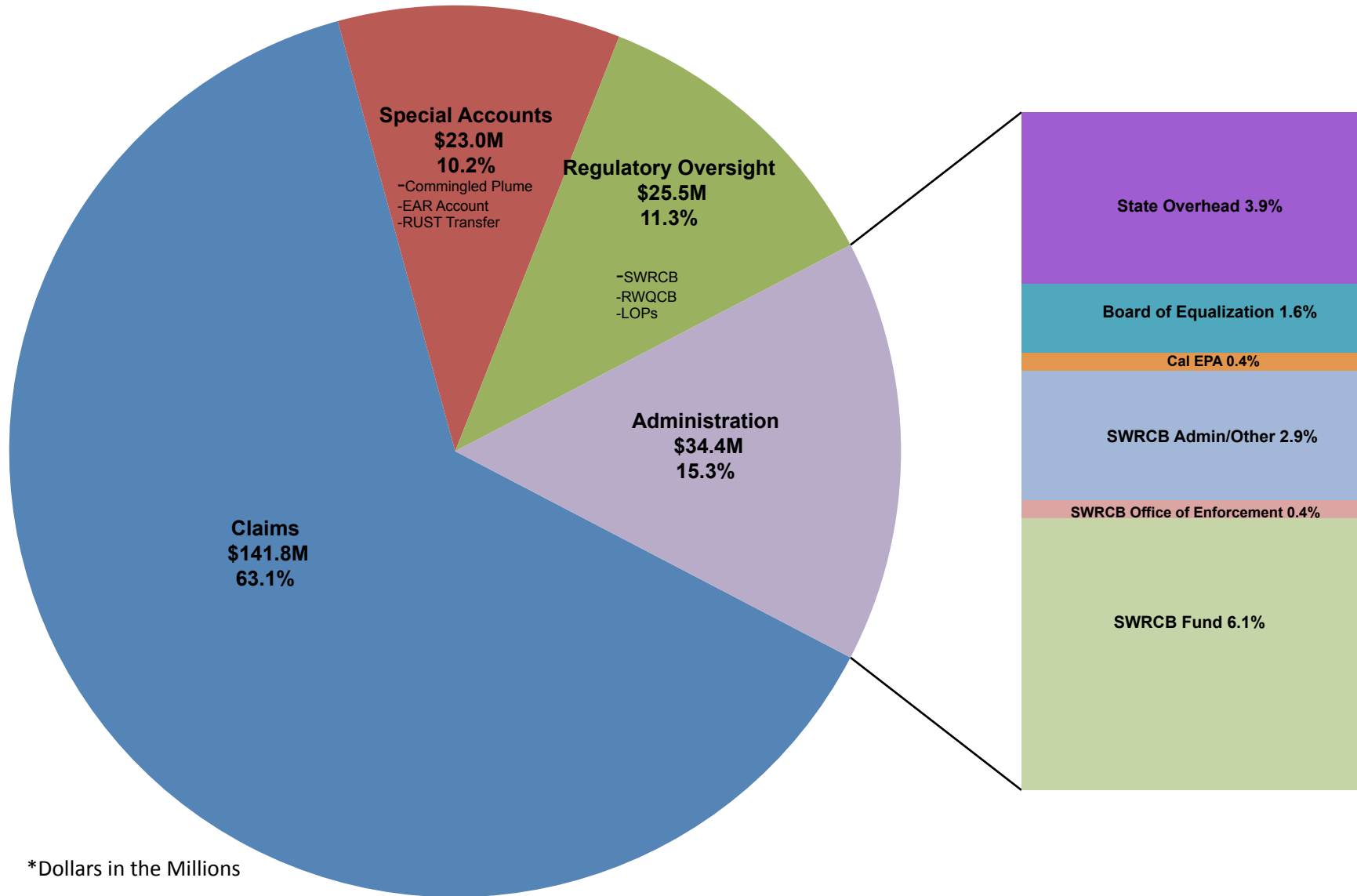
Storage Fee Revenues



BUDGET AUTHORITY vs. STORAGE FEE REVENUES



UST CLEANUP FUND FY 13/14 BUDGET (\$225 M)

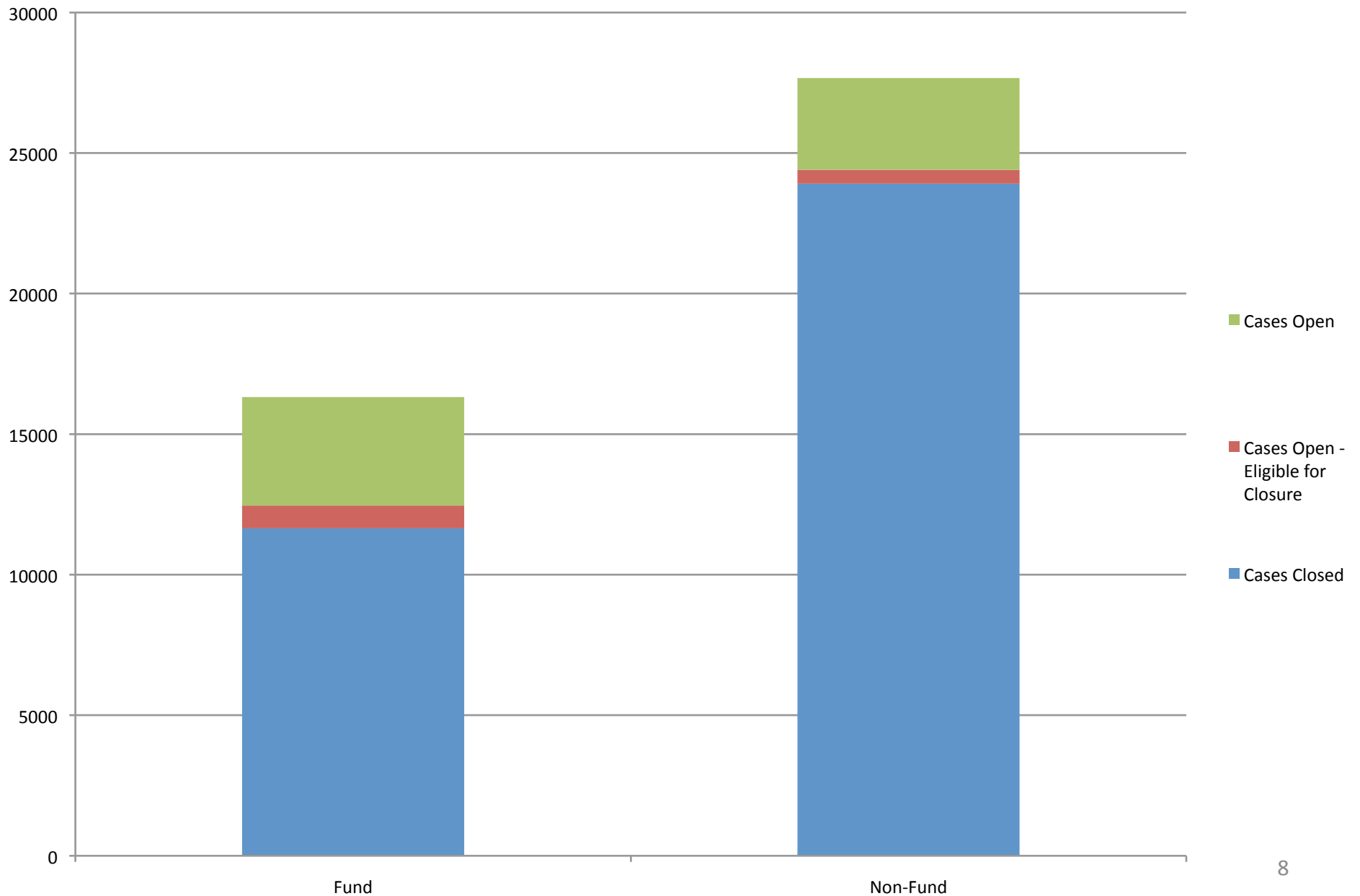


2. CLAIM STATUS

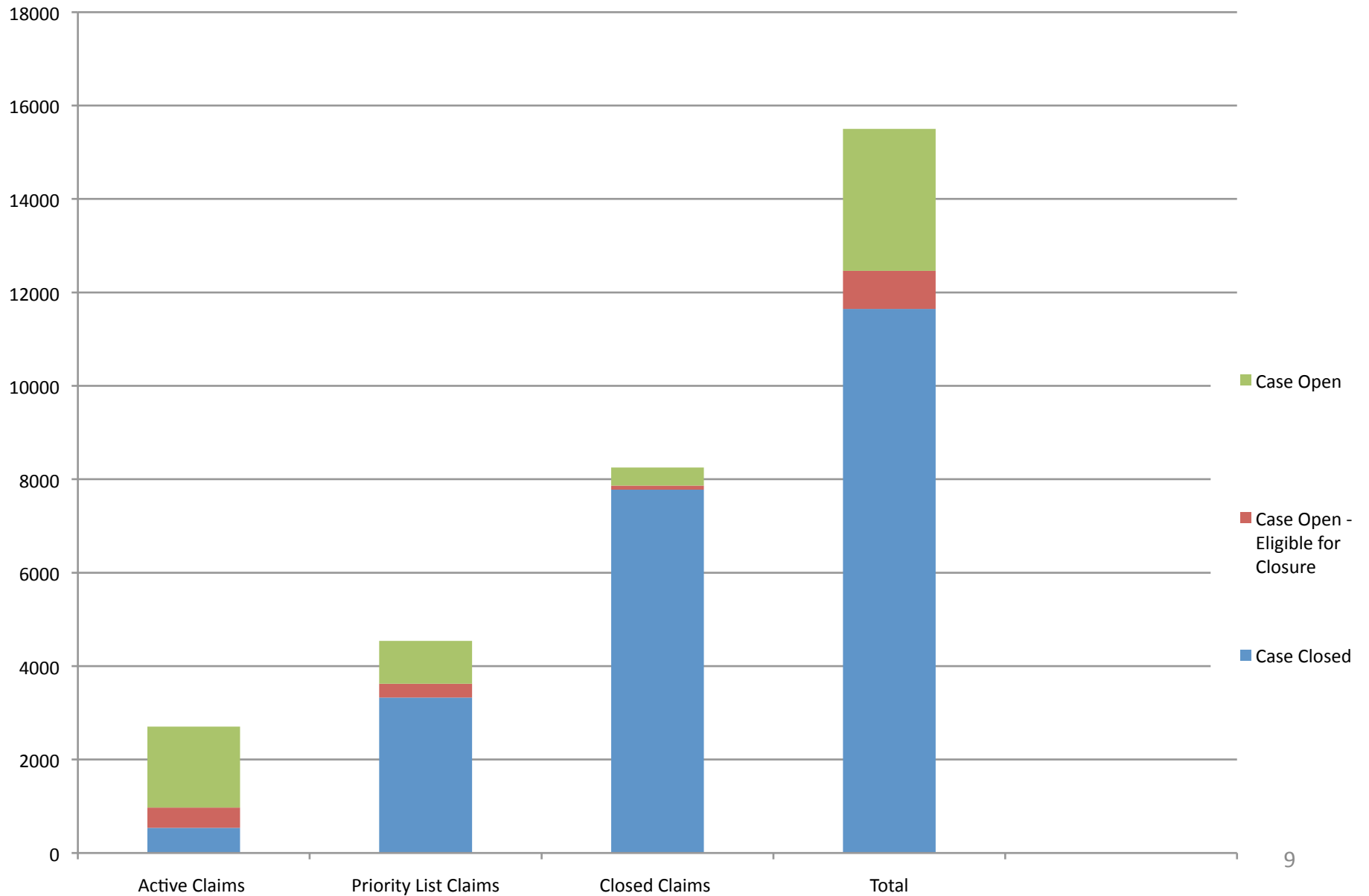
UST “Case” vs “Claim”

- Case = UST release site / project to clean it up
- 6,423 open UST cases (other than Dept. of Defense)
- Claim = for cases eligible for the UST Cleanup Fund, “a submittal to the Fund for the reimbursement of costs incurred due to an occurrence...”
- UST Cleanup Fund maximum = \$1,500,000 per occurrence per claim
- ~ 2,700 claims active; ~ 4,500 on waiting list (as of 6/1/13)
- Claims can be for either open cases or closed cases
- # of claims ~ # of cases with claims

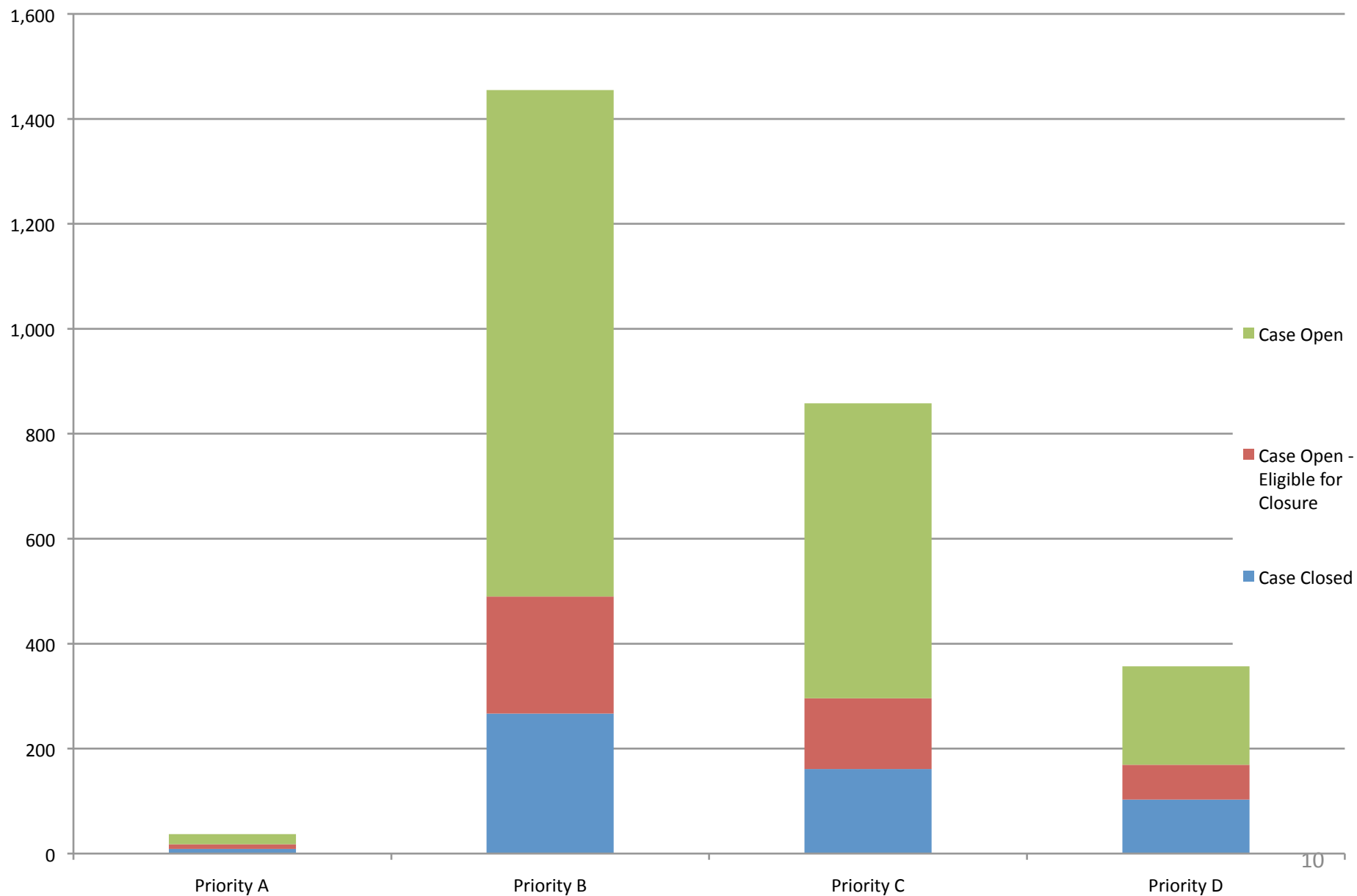
CASE STATUS: FUND & NON-FUND



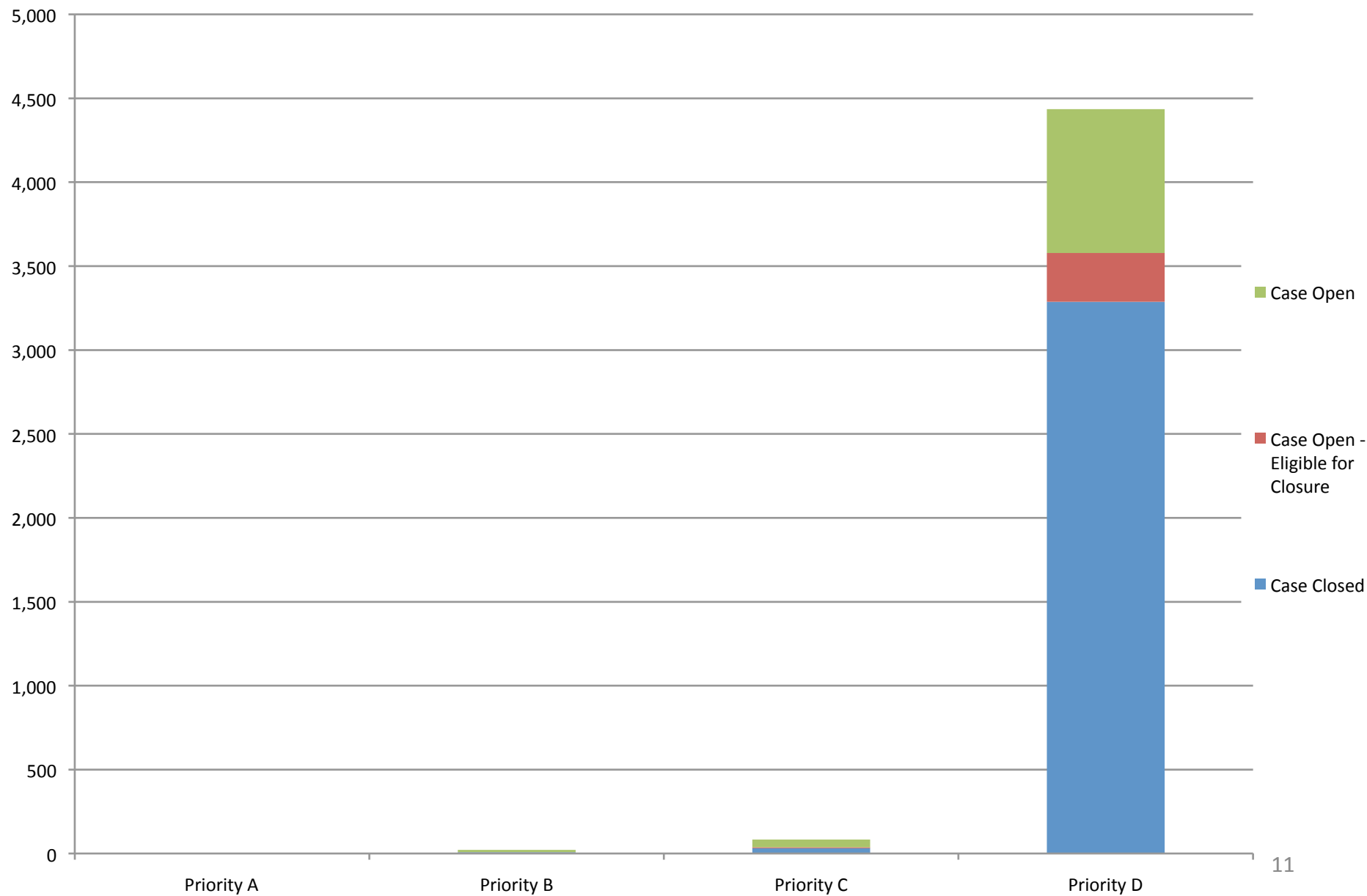
CASE STATUS: ALL FUND CLAIMS



CASE STATUS: ACTIVE CLAIMS



CASE STATUS: PRIORITY LIST CLAIMS



PRIORITY CLASS	CLOSED CLAIMS	ACTIVE CLAIMS	PRIORITY LIST CLAIMS	CLAIM REIMURSEMENTS (July 2012)
A	409	65	0	\$0.04B
B	3,520	1,455	21	\$1.40B
C	3,034	858	83	\$1.16B
D	1,291	357	4,435	\$0.60B
TOTAL = D	16,025	8,254	2,707	4,539
				\$3.20B

3. RECENT CHANGES

DRIVERS TO USE UST CLEANUP FUND MORE EFFECTIVELY

- Audit and Task Force Recommendations
- Fraud, Waste, and Abuse
- Reduced Revenues
- Rising Costs

RISING COSTS

- AVERAGE case has been open 17 years
- Many cases not yet assessed, so future costs unknown
- Every year more costs are incurred
(17 yr X \$30K/yr monitoring only = \$510K)
- Dramatic increase in corrective action costs over time:
 - Closed claims averaged \$180,000/claim
 - Open claims average \$500,000/claim and counting
 - # open claims >\$1M reimbursed ~469 or ~15%

RECENT DEVELOPMENTS

- Recent Laws: AB 358, AB 291, AB 1701, AB 1715
- State Water Board Resolutions
- New Closure Policy
- Discovery of Fraud, Waste, Abuse

FUND ACTIONS FOR FISCAL MANAGEMENT

- Deadline to submit “Old Costs” (< July 2011)
- Ensure Claimants know how much money is available for reimbursement for ongoing work via “Annual Site Budgets”
- Give priority to all site closeout claims & Priority A & B claims
- Activate A, B & Schools claims
- Activate D’s as necessary to meet 14%
- Meet 14% payout with currently active C’s

IMPROVED PROTOCOLS

- Claimant signature on key documents
- RRs include information required by law
- Key remediation system information
- Requesting database upgrade to accept data online for automated data quality checking
- Implementing Payment Processing Improvement Plan

FUND CASE REVIEWS

(8/17/12 – 6/1/13)

Fund Previously Recommended Pursue Closure (<8/17/12)	Reviews not Complete	Closure Criteria Not Met	Closure Criteria Met					TOTAL
			Pre-Public Notice by State Board	In Public Notice by State Board	Closures Ordered by State Board	Closures Planned by Regulatory Agencies	Closures by Regulatory Agencies	
552	83	27	88	25	23	165	141	442

LOP FY 13/14 Contracts

- 1st year administered by DFA
- 19 of 21 LOPs with contracts
- As caseloads change from year to year, contract dollars may change.
- Scope is focused on priorities of the Board [new laws, Closure Policy, and Board resolutions]

REPORTS ON WEB

- **Annual Reports**
- **Quarterly Reports:**
 - Fund stats by quarter
 - Status of claims
 - RRs received, reviewed, paid
 - Accounts receivable owed to Fund
 - Five year reviews
 - Year-end summary

4. LOOKING FORWARD

PROGRAM WIND-DOWN

Needed Deadlines for an Orderly Wind-down

- Switch to other financial assurance mechanisms for operating USTs
- Deadline for new claim application and eligibility determination
- Deadline for submittal and processing of requests for reimbursement

PROGRAM WIND-DOWN

Special Fund Programs Can Help With Wind-down

- Schools Account =
Higher priority for reimbursement
- Commingled Plume Account =
Pools funds available to multiple claims
- Orphan Sites (OSCA) =
Brownfields
- Emergency, Abandoned, Recalcitrant (EAR) =
Serious problem sites

ON THE WEB

UST Cleanup Fund – including Annual & Quarterly Reports:

[http://www.waterboards.ca.gov/
water_issues/programs/ustcf/](http://www.waterboards.ca.gov/water_issues/programs/ustcf/)

UST Program:

[http://www.waterboards.ca.gov/
water_issues/programs/ust/](http://www.waterboards.ca.gov/water_issues/programs/ust/)